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Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

Level 1 Commerce 2024

92030 Demonstrate understanding of how interdependent financial relationships are affected by an event

Credits: Five

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of how interdependent financial relationships are affected by an event.	Examine how interdependent financial relationships are affected by an event.	Evaluate how interdependent financial relationships are affected by an event.

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

You should attempt ALL parts of the question in this booklet.

If you need more room for any answer, use the extra space provided at the back of this booklet.

Check that this booklet has pages 2–8 in the correct order and that none of these pages is blank.

Do not write in the margins (// // // //). This area will be cut off when the booklet is marked.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

Excellence

TOTAL 08

Read the case study scenario below and use it to answer the question that follows.

Case study scenario – Successful social media campaign

Delectable Donuts has stores throughout the country. It has been using social media to promote its business. Recently, several of its videos were shared by social media influencers, increasing the number of views on the *Delectable Donuts* website and social media.

The following participants in society are all located in the same area:

- a *Delectable Donuts* store that employs five staff
- another bakery that employs three staff
- suppliers of ingredients and packaging for *Delectable Donuts* and the other bakery
- a whānau consisting of a single parent, a six-year-old, and an eight-year-old; the parent works in the *Delectable Donuts* shop part-time and is considering increasing their hours
- a local bank that most of the families and businesses in the area bank with
- other organisations in the local community, for example a primary school, petrol station, health food shops, and a marae
- the Government.

QUESTION

- (a) (i) Describe the financial interdependence between the local *Delectable Donuts* store and the whānau.

The whānau and the local *Delectable Donuts* store are financially interdependent as they both rely on each other for something. *Delectable Donuts* relies on the whānau for the labour that the parent provides the store with. This helps to keep the store running, and to earn revenue. The whānau relies on the *Delectable Donuts* store to pay them wages for their labour, which provides them with income to pay for their cost of living.

- (ii) Describe the financial interdependence between the local *Delectable Donuts* store and its suppliers.

Delectable Donuts relies on its suppliers to sell them ~~ingredients~~ ^{products} ingredients and packaging. The store use these ~~goods~~ ^{products} to sell their own goods and make the business revenue. The suppliers rely on *Delectable Donuts* to purchase their products, as that makes the suppliers revenue.

- (iii) Describe the financial interdependence between the bank and the suppliers.

The bank relies on the suppliers to take out loans, and then collect the interest on them. This helps the bank to make revenue. The suppliers rely on the bank to loan them money to invest into their business and help to increase their revenue. Additionally, the suppliers rely on the bank for a safe place to save their money, and collect the interest, adding to their revenue. The bank relies on the suppliers deposited money to loan out, collect interest on, and make more revenue.

(b) Describe a direct effect the social media campaign will have on the local Delectable Donuts store.

A direct effect that the social media campaign will have on the local Delectable Donuts store, is an increase in sales and revenue. Due to the business going viral, and having an increase in publicity, more people will visit the store. The more customers the store has, the more sales they will make, hence increasing the store's revenue, and likely profit.

- (c) (i) Explain ONE flow-on effect the social media campaign has on the bank.

One flow-on effect that the social media campaign will have on the bank is an ~~increase in loans, so an increase in~~ increase in the money saved with them. Due to the local Delectable Donuts increase in customers, they will likely expand. To do this they will take out a loan with the bank. This will increase the bank's revenue as more interest will be getting paid to them.

- (ii) Using the flow-on effect for the bank, explain ONE impact on the interdependent financial relationship between other businesses in the local community and the bank.

The local bank relies on the businesses to take loans out and pay interest, which earns them revenue. The local businesses rely on the bank to loan them money to invest into their business, and increase their revenue. If the bank is earning more revenue from ^{the} Delectable Donuts loan's interest payments, they may decide to lower loan interest rates to the local businesses. This would cause the businesses' loans to cost less, so their profit would likely increase. It would also cause the bank's revenue to possibly decrease, as the businesses are paying them less in interest.

- (d) (i) Explain ONE flow-on effect of the social media campaign on the other bakery.

One flow-on effect that the social media campaign will have on the other bakery is a decrease in revenue and customers. Due to Delectable Donuts becoming so popular, less people will go to the other bakery. This means the bakery will have a decrease in customers, causing a decrease in sales, and in revenue.

- (ii) Using the flow-on effect for the other bakery, explain ONE impact on the interdependent financial relationship between the other bakery and the suppliers.

The other bakery relies on the suppliers to supply the business with ingredients and packaging. They use these products to sell their own goods and make revenue. The suppliers rely on the other bakery to buy their products, and that makes them revenue. If the bakery is selling less goods, then their demand for ingredients and packaging ~~will~~ decrease. This would mean they would purchase less from their suppliers, and would be receiving less ingredients and packaging. This also means that the suppliers will be selling less to the bakery, so they will get paid less and their revenue will decrease.

As a response to concerns about unhealthy eating, the Government decides to start a healthy eating campaign including a tax on unhealthy foods, such as donuts, fast food, and sugary sweets.

- (e) (i) Explain ONE positive consequence of the Government's decision to tax unhealthy food on ONE interdependent financial relationship involving any of the participants in the case study.

The local businesses and the bank are financially interdependent. The Government's decision to tax unhealthy food would ~~possibly~~ have a positive consequence on this relationship. This is because due to the tax on unhealthy foods, stores ~~like~~ Delectable Donuts will become more expensive, and also become ~~negatively~~ affiliated with bad health. This will put people off purchasing from the store. Because less purchases.

- (ii) Explain ONE negative consequence of the Government's decision to tax unhealthy food on ONE interdependent financial relationship involving any of the participants in the case study.

The whānau and Delectable Donuts store are financially interdependent. The Government's decision to tax unhealthy food would ~~neg~~ have a negative consequence to this relationship. Due to paying a high tax rate, Delectable Donuts may lower their pay to the parent who works there to stop their profit from decreasing. This would cause the parent to stop receiving as much income and as a single parent they may struggle to afford the cost of living. This would cause them to ^{quit and} search for work elsewhere. The financial interdependent relationship will now be very different as it will be between a consumer, and a business. The whānau will rely on the Delectable Donut store to sell them goods in the form of donuts. (go to page 7) -

Due to the increased popularity of the *Delectable Donuts* store, the local primary school decides to use the *Delectable Donuts* fundraising programme to raise money for sun umbrellas at the school.

- (f) (i) Explain ONE positive consequence of the school's decision to use the *Delectable Donuts* fundraising programme on ONE interdependent financial relationship involving any of the participants in the case study.

Delectable Donuts is financially interdependent with their suppliers. The ~~school~~ local primary school's decision to use *Delectable Donuts* for their fundraising programme will have a positive consequence for this relationship. If the school is using *Delectable Donuts* to fundraise, then the business will have an increase in sales. This means that the store will need to purchase more (go to page 7) --

- (ii) Explain ONE negative consequence of the school's decision to use the *Delectable Donuts* fundraising programme on ONE interdependent financial relationship involving any of the participants in the case study.

The other bakery and the suppliers are financially interdependent. The local primary school's decision to use *Delectable Donuts* for their fundraising programme will have a negative consequence for this relationship. If *Delectable Donuts* are used by the school, the business will get good publicity as they look like they care about kids. This will encourage more people to shop there, and not at the other bakery. This will cause the other bakery to have less customers, and therefore make less sales. If the bakery is selling less, their demand for ingredients and packaging will decrease. (go to page 8) --

Extra space if required.

Write the question number(s) if applicable.

QUESTION
NUMBER

- (e)(i) are being made on unhealthy food, people will have more money to spend at the other local businesses. This will increase the revenue of these businesses, and they will become busier, and gain customers. Because of this, the businesses may decide to take out a loan to invest into the expansion of their business. This would have a positive consequence onto the ~~re~~ financial interdependent relationship between the bank and the other local businesses as the bank will have more interest being paid to them due to more loans being taken out. This will increase the bank's revenue. The businesses will receive a loan from the bank, which they will use to expand their business, and increase their profit. The bank will rely on the businesses to pay them more in interest (go to page 8) -
- (e)(ii) The ~~Detectable~~ Delectable Donuts Store will rely on the whānau to purchase their goods of donuts, as that will ~~help~~ add to the businesses' revenue. The reliance will be far less important.
- (f)(i) ingredients and packaging. This means that Delectable Donuts will rely on their suppliers for more of their products to keep their business able to sell their own goods (donuts), and make revenue. The suppliers will rely on Delectable Donuts to pay them more for the increase in products that they are supplying. This will increase the ^{Suppliers} revenue.

Extra space if required.
Write the question number(s) if applicable.

QUESTION
NUMBER

(f)(ii)

This will cause them to purchase less from their suppliers. The other bakery will now rely on their suppliers for less ingredients and packaging, so they will be receiving less of these products. The suppliers will now rely on the other bakery to pay them less, as they are purchasing less supplies. This will decrease the suppliers revenue.

(e)(i)
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so this will increase their revenue. The other local businesses will rely on the bank to give them a loan to expand their businesses and increase their own revenue.

Subject: Commerce

Standard: 92030

Total score: 08

Q	Grade score	Marker commentary
One	E8	<p>The candidate described how the participants rely on each other in an interdependent financial relationship, including how each participant will benefit from the relationship. The candidate described the direct effect of the social media campaign on <i>Delectable Donuts</i>.</p> <p>The candidate explained a flow-on effect for the bank and how the bank would be impacted. The candidate also explained a flow-on effect for the other bakery and how it would impact the interdependent financial relationship with its supplier.</p> <p>The candidate has consistently explained positive and negative consequences of the decisions and how the interdependent financial relationship would be impacted by each of the participants.</p>